

1 *EnvirSurch.xls*  
2 **STAFF PROPOSAL CONCERNING BASE/CURRENT APPROACH**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
4 **DETERMINATION OF EFFECT OF CURRENT EXCLUSIONS ON TOTAL BASE PERIOD**  
5

6 **CALCULATION OF REVENUE REQUIREMENT FOR BASE PERIOD,**  
7 **REFLECTING ONLY AMOUNTS IN EXISTING RATES OR EXCLUDED:**

		Balances from August, 2000	12-Month Ending August, 2000
9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.2 25,035,983	25,035,983
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2 0	0
12	Subtotal	25,035,983	25,035,983
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2 6,664,499	6,664,499
15	Pollution Control Deferred Income Taxes	ES Form 2.0 0	0
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0 0	0
17	Subtotal	6,664,499	6,664,499
18			
19	Environmental Compliance Rate Base	18,371,484	18,371,484
20	Environmental Compliance Rate Base / 12	1,530,957	
21	Rate of Return - Environmental Compliance Rate Base	5.60%	5.60%
22			
23	Return on Environmental Compliance Rate Base	85,734	1,028,803
24			
25	Pollution Control Operating Expenses -		
26	Monthly Depreciation & Amortization Expense	See Support Sch. A 44,216	530,599
27	Monthly Taxes Other Than Income Taxes	See Support Sch. A 1,204	15,856
28	Monthly Insurance Expense	See Support Sch. A 242	3,088
29	Monthly Emission Allowance Expense	See Support Sch. A 0	0
30	Monthly Permitting Fees	See Support Sch. A 0	0
31	Expenses Already Included in Existing Rates	Form 2.1 37,874	454,490
32			
33	Total Pollution Control Operating Expenses	83,536	1,004,033
34			
35	Gross Proceeds from By-Product &		
36	Allowance Sales	See Support Sch. B 0	0
37			
38	Total Company Environmental Surcharge Gross Revenue Requirement -		
39	Base Period		
40			
41	Return on Environmental Compliance Rate Base	85,734	1,028,803
42	Pollution Control Operating Expenses	83,536	1,004,033
43	Less Gross Proceeds from By-Product & Allowance Sales	0	0
44			
45	Base Period - E(m)	169,270	2,032,836
46			
47	Jurisdictional Allocation Ratio - Base Period	See Support Schedule C 85.3977%	82.1767%
48			
49	Average Jurisdictional Revenues for 12 Months		
50	for Base Period	See Support Schedule C 43,832,822	525,993,862
51			
52	Base Period Jurisdictional Environmental Surcharge Factor - BESF:		
53			
54	Total Company Environmental Surcharge Gross Revenue Requirement -		
55	Base Period	169,270	2,032,836
56			
57	Jurisdictional Allocation Ratio - Base Period	85.3977%	82.1767%
58			
59	Jurisdictional Environmental Surcharge Gross Revenue Requirement -		
60	Base Period	144,553	1,670,518
61			
62	Average Jurisdictional Revenues for 12 Months for Base Period	43,832,822	525,993,862
63			
64	Base Period Jurisdictional Environmental Surcharge Factor - BESF	0.33%	0.32%
65			

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2 **STAFF PROPOSAL CONCERNING BASE/CURRENT APPROACH**

3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**

4 **DETERMINATION OF EFFECT OF CURRENT EXCLUSIONS ON TOTAL BASE PERIOD**

5

8 **SUPPORT SCHEDULE A:**

7 **Twelve Month Balances for Selected Operating Expense Accounts**

9		Depreciation &	Taxes Other Than	Insurance	Emission	Permitting
10		Amortization	Income Taxes	Expense	Allow. Expense	Fees
11	Month	ES Form 2.2	ES Form 2.1	ES Form 2.1	ES Form 2.1	ES Form 2.1
12						
13	September 1999	44,217	1,556	288	0	0
14	October	44,217	1,556	288	0	0
15	November	44,217	1,556	288	0	0
16	December	44,217	1,556	288	0	0
17	January 2000	44,217	1,204	242	0	0
18	February	44,217	1,204	242	0	0
19	March	44,217	1,204	242	0	0
20	April	44,216	1,204	242	0	0
21	May	44,216	1,204	242	0	0
22	June	44,216	1,204	242	0	0
23	July	44,216	1,204	242	0	0
24	August 2000	44,216	1,204	242	0	0
25						
26	Totals	530,599	15,856	3,088	0	0
27						

28

29 **SUPPORT SCHEDULE B:**

30 **Twelve Month Balances for Allowance Sales and By-Product Sales**

31		Total Proceeds	Proceeds from	Total All
32		from Allowance	By-Product	Sale
33		Sales	Sales	Proceeds
34	Month	ES Form 2.0	ES Form 2.0	
35				
36				
37	September 1999	0	0	0
38	October	0	0	0
39	November	0	0	0
40	December	0	0	0
41	January 2000	0	0	0
42	February	0	0	0
43	March	0	0	0
44	April	0	0	0
45	May	0	0	0
46	June	0	0	0
47	July	0	0	0
48	August 2000	0	0	0
49				
50	Totals	0	0	0
51				

52

53 **SUPPORT SCHEDULE C:**

54 **Twelve Month Balances for Jurisdictional Revenues and Allocation Ratio**

55		KY Retail	Total Company	
56		Revenues,	Revenues,	KY Retail
57		Excluding Envir.	Excluding Envir.	Allocation
58		Surch. Revenues	Surch. Revenues	Ratio
59		ES Form 3.0,	ES Form 3.0,	KY Retail/
60	Month	Col. 6	Col. 9	Total Company
61				
62				
63	September 1999	57,883,890	67,370,550	85.9187%
64	October	38,700,066	51,485,457	75.1670%
65	November	35,748,468	45,789,347	78.0716%
66	December	38,170,603	48,443,973	78.7933%
67	January 2000	41,009,040	53,535,708	76.6013%
68	February	40,877,273	47,973,131	85.2087%
69	March	34,212,345	45,351,815	75.4377%
70	April	34,930,764	42,023,199	83.1226%
71	May	38,975,225	44,050,039	83.9391%
72	June	50,918,009	59,577,513	85.4651%
73	July	59,488,991	67,836,680	87.9537%
74	August 2000	57,079,168	66,839,227	85.3977%
75				
76	Totals	525,993,862	640,076,639	62.1767%
77				

**KENTUCKY UTILITIES COMPANY / LOUISVILLE GAS & ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE – ROLL-IN ISSUES  
COMMISSION STAFF PROPOSAL**

**ATTACHMENT II**

Kentucky Utilities Company

- ◆ Part 1 – Modeling Calculations, Base Period ("BPKU")
- ◆ Part 2 – Modeling Calculations, Roll-In ("RollKU")

Louisville Gas & Electric Company

- ◆ Part 1 – Modeling Calculations, Base Period ("BPLGE")
- ◆ Part 2 – Modeling Calculations, Roll-In ("RollLGE")

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
 4 **DETERMINATION OF TOTAL BASE PERIOD**

7 **CALCULATION OF REVENUE REQUIREMENT FOR TOTAL BASE PERIOD:**

9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.1, Pg. 1, Col. 2	255,013,633
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.1, Pg. 1, Col. 10	107,798
12		Subtotal	<u>255,121,431</u>
13	Additions:		
14	Inventory - Spare Parts	ES Form 2.2	1,231,533
15	Inventory - Limestone	ES Form 2.2	193,500
16	Inventory - Emission Allowances	ES Form 2.3	348,617
17	Pollution Control Cash Working Capital	See Line 35	602,642
18		Subtotal	<u>2,376,292</u>
19	Deductions:		
20	Accumulated Depreciation on Pollution Control Plant	ES Form 2.1, Pg. 1, Col. 6	65,550,041
21	Pollution Control Deferred Income Taxes - Plant	ES Form 2.1, Pg. 3, Col. 6	34,461,477
22	Pollution Control Deferred Income Taxes - Allowances	ES Form 2.1, Pg. 3, Col. 9	154,735
23	Pollution Control Deferred Investment Tax Credit	ES Form 2.1, Pg. 3, Col. 2	565,118
24		Subtotal	<u>100,731,371</u>
25			
26	Environmental Compliance Rate Base		<u>156,766,352</u>
27			
28	Rate of Return - Environmental Compliance Rate Base		5.85%
29			
30	Return on Environmental Compliance Rate Base		<u>9,170,832</u>
31			
32	Pollution Control Cash Working Capital -		
33	Total 12 Month O&M Expenses	ES Form 2.4	4,821,139
34	One Eighth Factor		12.5%
35	Pollution Control Cash Working Capital		<u>602,642</u>
36			
37	Pollution Control Operating Expenses -		
38	Total 12 Month O&M Expenses	ES Form 2.4	4,821,139
39	12 Month Depreciation & Amortization Expense	See Support Sch. A	9,822,588
40	12 Month Taxes Other Than Income Taxes	See Support Sch. A	268,332
41	12 Month Insurance Expense	See Support Sch. A	74,676
42	12 Month Emission Allowance Expense	See Support Sch. A	189,935
43			
44	Total Pollution Control Operating Expenses		<u>15,176,670</u>
45			
46	Gross Proceeds from By-Product &		
47	Allowance Sales	See Support Sch. B	<u>1,012,070</u>
48			

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2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
4 **DETERMINATION OF TOTAL BASE PERIOD**

5

49 **Total Company Environmental Surcharge Gross Revenue Requirement -**  
50 **Base Period - Annual Amount**

51

52 Return on Environmental Compliance Rate Base 9,170,832

53 Pollution Control Operating Expenses 15,176,670

54 Less Gross Proceeds from By-Product & Allowance Sales (1,012,070)

55

56 **Base Period - Annual Amount - E(m)** 23,335,432

57

58 **Jurisdictional Allocation Ratio - Base Period** See Support Schedule C 76.15%

59

60 **Jurisdictional Revenues for 12 Months**

61 **for Base Period** See Support Schedule C 572,739,904

62

63 **Base Period Jurisdictional Environmental Surcharge Factor - BESF:**

64

65 **Total Company Environmental Surcharge Gross Revenue Requirement -**  
66 **Base Period - Annual Amount** 23,335,432

67

68 **Jurisdictional Allocation Ratio - Base Period** 76.15%

69

70 **Jurisdictional Environmental Surcharge Gross Revenue Requirement -**

71 **Base Period - Annual Amount** 17,769,931

72

73 **Jurisdictional Revenues for 12 Months for Base Period** 572,739,904

74

75 **Base Period Jurisdictional Environmental Surcharge Factor** 3.10%

76

77 **Jurisdictional Environmental Surcharge Factor from Roll-In** 2.17%

78 **Jurisdictional Environmental Surcharge Factor from Retirements/Exclusions** 0.93%

79

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 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
 4 **DETERMINATION OF TOTAL BASE PERIOD**

5  
 6 **SUPPORT SCHEDULE A:**  
 7 **Twelve Month Balances for Selected Operating Expense Accounts**

9		Depreciation &	Taxes Other Than	Insurance	Emission
10		Amortization	Income Taxes	Expense	Allowance
11		ES Form 2.1,	ES Form 2.1,	ES Form 2.0	Expense
12	Month	Pg. 2, Col. 5	Pg. 3, Col. 10		ES Form 2.0
13					
14	September 1999	814,829	23,139	8,223	12,590
15	October	814,829	23,139	8,223	11,479
16	November	814,829	23,139	8,223	8,848
17	December	814,829	23,139	8,223	11,599
18	January 2000	814,829	21,972	8,223	21,245
19	February	826,389	21,972	8,223	18,491
20	March	820,509	21,972	8,223	18,879
21	April	820,509	21,972	8,223	18,909
22	May	820,509	21,972	8,223	18,747
23	June	820,509	21,972	8,223	18,323
24	July	820,509	21,972	8,223	18,088
25	August 2000	820,509	21,972	8,223	18,939
26					
27	Totals	9,822,588	268,332	74,876	189,935

28  
 29  
 30 **SUPPORT SCHEDULE B:**  
 31 **Twelve Month Balances for Allowance Sales and By-Product Sales**

33		Total Proceeds	Proceeds from	Total All
34		from Allowance	By-Product	Sale
35		Sales	Sales	Proceeds
36	Month	ES Form 2.0	ES Form 2.0	
37				
38	September 1999	640,314	0	640,314
39	October	0	0	0
40	November	0	30,000	30,000
41	December	0	0	0
42	January 2000	0	30,000	30,000
43	February	0	30,000	30,000
44	March	0	15,000	15,000
45	April	0	15,000	15,000
46	May	221,756	15,000	236,756
47	June	0	15,000	15,000
48	July	0	0	0
49	August 2000	0	0	0
50				
51	Totals	862,070	150,000	1,012,070

52  
 53  
 54 **SUPPORT SCHEDULE C:**  
 55 **Twelve Month Balances for Jurisdictional Revenues and Allocation Ratio**

57		KY Jurisdictional	Total Company	KY Jurisdictional
58		Revenues,	Revenues,	Allocation
59		Excluding Envir.	Excluding Envir.	Ratio
60		Surch. Revenues	Surch. Revenues	
61		ES Form 3.0,	ES Form 3.0,	KY Jurisdictional /
62	Month	Col. 8	Col. 9	Total Company
63				
64	September 1999	52,091,940	87,283,033	77.42%
65	October	43,835,876	57,529,108	75.85%
66	November	42,919,118	58,833,258	75.52%
67	December	48,396,584	65,149,358	74.29%
68	January 2000	55,577,835	74,038,114	75.07%
69	February	52,356,511	87,584,868	77.47%
70	March	44,061,245	59,980,442	73.46%
71	April	40,262,658	52,028,808	77.39%
72	May	41,832,397	53,781,870	77.81%
73	June	46,793,797	63,117,730	74.14%
74	July	53,889,598	67,969,502	79.28%
75	August 2000	50,922,567	68,853,035	76.17%
76				
77	Totals	572,739,904	752,128,920	76.15%

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 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
 4 **DETERMINATION OF ROLL-IN AMOUNT**

5  
6

7 **CALCULATION OF REVENUE REQUIREMENT FOR ROLL-IN:**

8

9 **Environmental Compliance Rate Base -**

10	Pollution Control Plant in Service	ES Form 2.1, Pg. 1, Col. 5	175,550,751
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.1, Pg. 1, Col. 10	107,798
12	Subtotal		<u>175,658,549</u>

13 **Additions:**

14	Inventory - Spare Parts	ES Form 2.2	1,231,533
15	Inventory - Limestone	ES Form 2.2	193,500
16	Inventory - Emission Allowances	ES Form 2.3	348,617
17	Pollution Control Cash Working Capital	See Line 35	397,548
18	Subtotal		<u>2,171,198</u>

19 **Deductions:**

20	Accumulated Depreciation on Pollution Control Plant	ES Form 2.1, Pg. 1, Col. 6	42,289,502
21	Pollution Control Deferred Income Taxes - Plant	ES Form 2.1, Pg. 3, Col. 9	20,560,709
22	Pollution Control Deferred Income Taxes - Allowances	ES Form 2.1, Pg. 3, Col. 9	154,735
23	Pollution Control Deferred Investment Tax Credit	ES Form 2.1, Pg. 3, Col. 5	0
24	Subtotal		<u>63,004,946</u>

25

26	Environmental Compliance Rate Base		<u>114,824,801</u>
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27

28	Rate of Return - Environmental Compliance Rate Base		5.85%
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30	Return on Environmental Compliance Rate Base		<u>6,717,251</u>
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31

32 **Pollution Control Cash Working Capital -**

33	Total 12 Month O&M Expenses	ES Form 2.4	3,180,383
34	One Eighth Factor		12.5%
35	Pollution Control Cash Working Capital		<u>397,548</u>

36

37 **Pollution Control Operating Expenses -**

38	Total 12 Month O&M Expenses	ES Form 2.4	3,180,383
39	12 Month Depreciation & Amortization Expense	See Support Sch. A	6,953,271
40	12 Month Taxes Other Than Income Taxes	See Support Sch. A	215,325
41	12 Month Insurance Expense	See Support Sch. A	74,676
42	12 Month Emission Allowance Expense	See Support Sch. A	189,935

43

44	<b>Total Pollution Control Operating Expenses</b>		<u>10,613,590</u>
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46 **Gross Proceeds from By-Product &**

47	<b>Allowance Sales</b>	See Support Sch. B	<u>1,012,070</u>
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3	<b>ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY</b>		
4	<b>DETERMINATION OF ROLL-IN AMOUNT</b>		
5			
49	<b>Total Company Environmental Surcharge Gross Revenue Requirement -</b>		
50	<b>Roll-In Amount</b>		
51			
52	Return on Environmental Compliance Rate Base		6,717,251
53	Pollution Control Operating Expenses		10,613,590
54	Less Gross Proceeds from By-Product & Allowance Sales		<u>(1,012,070)</u>
55			
56	Roll-In Amount		<u><u>16,318,771</u></u>
57			
58	Jurisdictional Allocation Ratio - Roll-In	See Support Schedule C	<u><u>76.15%</u></u>
59			
60	Jurisdictional Revenues for 12 Months		
61	for Roll-In	See Support Schedule C	<u><u>572,739,904</u></u>
62			
63	<b>Roll-In Jurisdictional Environmental Surcharge Factor:</b>		
64			
65	<b>Total Company Environmental Surcharge Gross Revenue Requirement -</b>		
66	<b>Roll-In Amount</b>		16,318,771
67			
68	Jurisdictional Allocation Ratio - Roll-In		<u>76.15%</u>
69			
70	<b>Jurisdictional Environmental Surcharge Gross Revenue Requirement -</b>		
71	<b>Roll-In Amount</b>		<u><u>12,426,744</u></u>
72			
73	Jurisdictional Revenues for 12 Months for Roll-In		<u><u>572,739,904</u></u>
74			
75	Roll-In Jurisdictional Environmental Surcharge Factor		<u><u>2.17%</u></u>
76			

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 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
 4 **DETERMINATION OF ROLL-IN AMOUNT**

5  
 6 **SUPPORT SCHEDULE A.**

7 **Twelve Month Balances for Selected Operating Expense Accounts**

8		Depreciation &	Taxes Other Than	Insurance	Emission
9		Amortization	Income Taxes	Expense	Allowance
10		ES Form 2.1,	ES Form 2.1,	ES Form 2.0	Expense
11		Pg. 2, Col. 8	Pg. 3, Col. 10		ES Form 2.0
12	Month				
13					
14	September 1999	575,327	18,813	8,223	12,590
15	October	575,327	18,633	8,223	11,479
18	November	575,327	18,652	8,223	8,646
17	December	575,327	18,872	8,223	11,599
18	January 2000	575,327	17,525	8,223	21,245
19	February	587,087	17,545	8,223	18,491
20	March	581,894	17,565	8,223	18,879
21	April	581,531	17,584	8,223	18,909
22	May	581,531	17,604	8,223	18,747
23	June	581,531	17,824	8,223	18,323
24	July	581,531	17,844	8,223	18,088
25	August 2000	581,531	17,864	8,223	18,939
26					
27	Totals	6,953,271	215,325	74,878	189,935

28  
 29  
 30 **SUPPORT SCHEDULE B:**

31 **Twelve Month Balances for Allowance Sales and By-Product Sales**

32		Total Proceeds	Proceeds from	Total All
33		from Allowance	By-Product	Sale
34		Sales	Sales	Proceeds
35		ES Form 2.0	ES Form 2.0	
36	Month			
37				
38	September 1999	640,314	0	640,314
39	October	0	0	0
40	November	0	30,000	30,000
41	December	0	0	0
42	January 2000	0	30,000	30,000
43	February	0	30,000	30,000
44	March	0	15,000	15,000
45	April	0	15,000	15,000
46	May	221,756	15,000	236,756
47	June	0	15,000	15,000
48	July	0	0	0
49	August 2000	0	0	0
50				
51	Totals	862,070	150,000	1,012,070

52  
 53  
 54 **SUPPORT SCHEDULE C:**

55 **Twelve Month Balances for Jurisdictional Revenues and Allocation Ratio**

56		KY Jurisdictional	Total Company	KY Jurisdictional
57		Revenues,	Revenues,	Allocation
58		Excluding Envir.	Excluding Envir.	Ratio
59		Surch. Revenues	Surch. Revenues	Ratio
60		ES Form 3.0,	ES Form 3.0,	KY Jurisdictional /
61		Col. 6	Col. 9	Total Company
62	Month			
63				
64	September 1999	52,091,940	87,283,033	77.42%
65	October	43,635,676	57,529,108	75.85%
66	November	42,919,118	58,833,258	75.52%
67	December	48,396,564	65,149,356	74.29%
68	January 2000	55,577,835	74,038,114	75.07%
69	February	52,356,511	67,584,868	77.47%
70	March	44,061,245	59,980,442	73.48%
71	April	40,262,658	52,026,808	77.39%
72	May	41,832,397	53,761,670	77.81%
73	June	46,793,797	63,117,730	74.14%
74	July	53,889,596	67,969,502	79.28%
75	August 2000	50,922,567	66,853,035	76.17%
76				
77	Totals	572,739,904	752,126,920	76.15%

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3	<b>ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS &amp; ELECTRIC COMPANY</b>		
4	<b>DETERMINATION OF TOTAL BASE PERIOD</b>		
5			
6			
7	<b>CALCULATION OF REVENUE REQUIREMENT FOR TOTAL BASE PERIOD:</b>		
8			
9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.2	78,836,562
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2	<u>0</u>
12	Subtotal		<u>78,836,562</u>
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2	17,537,979
15	Pollution Control Deferred Income Taxes	ES Form 2.0	3,614,922
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0	<u>0</u>
17	Subtotal		<u>21,152,901</u>
18			
19	Environmental Compliance Rate Base		<u>57,683,661</u>
20			
21	Rate of Return - Environmental Compliance Rate Base		5.60%
22			
23	Return on Environmental Compliance Rate Base		<u>3,230,285</u>
24			
25	Pollution Control Operating Expenses -		
26	12 Month Depreciation & Amortization Expense	See Support Sch. A	3,160,277
27	12 Month Taxes Other Than Income Taxes	See Support Sch. A	97,092
28	12 Month Insurance Expense	See Support Sch. A	19,592
29	12 Month Emission Allowance Expense	See Support Sch. A	0
30	12 Month Permitting Fees	See Support Sch. A	<u>762,261</u>
31			
32	Total Pollution Control Operating Expenses		<u>4,039,222</u>
33			
34	Gross Proceeds from By-Product &		
35	Allowance Sales	See Support Sch. B	<u>173,491</u>
36			
37	Total Company Environmental Surcharge Gross Revenue Requirement -		
38	Base Period - Annual Amount		
39			
40	Return on Environmental Compliance Rate Base		3,230,285
41	Pollution Control Operating Expenses		4,039,222
42	Less Gross Proceeds from By-Product & Allowance Sales		<u>(173,491)</u>
43			
44	Base Period - Annual Amount - E(m)		<u>7,096,016</u>
45			
46	Jurisdictional Allocation Ratio - Base Period	See Support Schedule C	<u>82.1767%</u>
47			
48	Jurisdictional Revenues for 12 Months		
49	for Base Period	See Support Schedule C	<u>525,993,862</u>
50			
51	Base Period Jurisdictional Environmental Surcharge Factor - BESF:		
52			
53	Total Company Environmental Surcharge Gross Revenue Requirement -		
54	Base Period - Annual Amount		
55			7,096,016
56	Jurisdictional Allocation Ratio - Base Period		<u>82.1767%</u>
57			
58	Jurisdictional Environmental Surcharge Gross Revenue Requirement -		
59	Base Period - Annual Amount		
60			<u>5,831,272</u>
61	Jurisdictional Revenues for 12 Months for Base Period		<u>525,993,862</u>
62			
63	Base Period Jurisdictional Environmental Surcharge Factor		<u>1.11%</u>
64			
65	Jurisdictional Environmental Surcharge Factor from Roll-In		0.79%
66	Jurisdictional Environmental Surcharge Factor from Retirements/Exclusions		0.32%
67			

*Based on 12-mo. period ending Avg.*

*Rate Base usg. are for final month in period (EOM balance)*

*Op. Exp. are summation of what had been reported*

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF TOTAL BASE PERIOD**

5  
 6 **SUPPORT SCHEDULE A:**  
 7 **Twelve Month Balances for Selected Operating Expense Accounts**

Month	Depreciation & Amortization ES Form 2.2	Taxes Other Than Income Taxes ES Form 2.1	Insurance Expense ES Form 2.1	Emission Allow Expense ES Form 2.1	Permitting Fees ES Form 2.1
September 1999	283,358	8,321	1,824	0	62,061
October	283,358	8,321	1,824	0	62,061
November	283,357	8,321	1,824	0	62,061
December	283,357	8,321	1,824	0	68,120
January 2000	283,357	7,978	1,537	0	63,071
February	283,357	7,978	1,537	0	63,071
March	283,357	7,978	1,537	0	63,071
April	283,358	7,978	1,537	0	63,071
May	283,358	7,978	1,537	0	63,071
June	283,358	7,978	1,537	0	63,071
July	283,358	7,978	1,537	0	64,768
August 2000	283,358	7,978	1,537	0	64,768
<b>Totals</b>	<b>3,160,277</b>	<b>97,092</b>	<b>19,592</b>	<b>0</b>	<b>782,281</b>

29 **SUPPORT SCHEDULE B:**  
 30 **Twelve Month Balances for Allowance Sales and By-Product Sales**

Month	Total Proceeds from Allowance Sales ES Form 2.0	Proceeds from By-Product Sales ES Form 2.0	Total All Sale Proceeds
September 1999	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January 2000	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	173,491	0	173,491
June	0	0	0
July	0	0	0
August 2000	0	0	0
<b>Totals</b>	<b>173,491</b>	<b>0</b>	<b>173,491</b>

53 **SUPPORT SCHEDULE C:**  
 54 **Twelve Month Balances for Jurisdictional Revenues and Allocation Ratio**

Month	KY Retail Revenues, Excluding Envir. Surch. Revenues ES Form 3.0, Col. 6	Total Company Revenues, Excluding Envir. Surch. Revenues ES Form 3.0, Col. 9	KY Retail Allocation Ratio KY Retail/ Total Company
September 1999	57,883,890	67,370,550	85.9187%
October	38,700,088	51,485,457	75.1670%
November	35,748,468	45,789,347	78.0718%
December	38,170,803	48,443,973	78.7933%
January 2000	41,009,040	53,535,708	76.6013%
February	40,877,273	47,973,131	85.2087%
March	34,212,345	45,351,815	75.4377%
April	34,930,784	42,023,199	83.1228%
May	36,975,225	44,050,039	83.9391%
June	50,918,009	59,577,513	85.4651%
July	59,488,991	67,636,680	87.9537%
August 2000	57,079,168	68,839,227	85.3977%
<b>Totals</b>	<b>525,993,882</b>	<b>640,076,639</b>	<b>82.1787%</b>

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF ROLL-IN AMOUNT**

7 **CALCULATION OF REVENUE REQUIREMENT FOR ROLL-IN:**

9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.2	53,800,579
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2	0
12	Subtotal		<u>53,800,579</u>
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2	10,873,480
15	Pollution Control Deferred Income Taxes	ES Form 2.0	3,614,922
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0	0
17	Subtotal		<u>14,488,402</u>
18			
19	Environmental Compliance Rate Base		<u>39,312,177</u>
20			
21	Rate of Return - Environmental Compliance Rate Base		5.60%
22			
23	Return on Environmental Compliance Rate Base		<u>2,201,482</u>
24			
25	Pollution Control Operating Expenses -		
26	12 Month Depreciation & Amortization Expense	See Support Sch. A	2,629,678
27	12 Month Taxes Other Than Income Taxes	See Support Sch. A	81,236
28	12 Month Insurance Expense	See Support Sch. A	16,504
29	12 Month Emission Allowance Expense	See Support Sch. A	0
30	12 Month Permitting Fees	See Support Sch. A	762,261
31	Less O&M Expenses Already Included in Base Rates	ES Form 2.1	(454,490)
32			
33	Total Pollution Control Operating Expenses		<u>3,035,189</u>
34			
35	Gross Proceeds from By-Product &		
36	Allowance Sales	See Support Sch. B	173,491
37			
38	Total Company Environmental Surcharge Gross Revenue Requirement -		
39	Roll-In Amount		
40			
41	Return on Environmental Compliance Rate Base		2,201,482
42	Pollution Control Operating Expenses		3,035,189
43	Less Gross Proceeds from By-Product & Allowance Sales		(173,491)
44			
45	Roll-In Amount		<u>5,063,180</u>
46			
47	Jurisdictional Allocation Ratio - Roll-In	See Support Schedule C	<u>82.1767%</u>
48			
49	Jurisdictional Revenues for 12 Months		
50	for Roll-In	See Support Schedule C	<u>525,993,862</u>
51			
52	Roll-In Jurisdictional Environmental Surcharge Factor:		
53			
54	Total Company Environmental Surcharge Gross Revenue Requirement -		
55	Roll-In Amount		5,063,180
56			
57	Jurisdictional Allocation Ratio - Roll-In		<u>82.1767%</u>
58			
59	Jurisdictional Environmental Surcharge Gross Revenue Requirement -		
60	Roll-In Amount		<u>4,160,754</u>
61			
62	Jurisdictional Revenues for 12 Months for Roll-In		<u>525,993,862</u>
63			
64	Roll-In Jurisdictional Environmental Surcharge Factor		<u>0.79%</u>
65			

1 *EnvirSurch.xls*  
2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
4 **DETERMINATION OF ROLL-IN AMOUNT**

5  
6 **SUPPORT SCHEDULE A:**  
7 **Twelve Month Balances for Selected Operating Expense Accounts**

Month	Depreciation & Amortization ES Form 2.2	Taxes Other Than Income Taxes ES Form 2.1	Insurance Expense ES Form 2.1	Emission Allow. Expense ES Form 2.1	Permitting Fees ES Form 2.1
September 1999	219,139	8,765	1,538	0	82,081
October	219,139	8,765	1,538	0	82,081
November	219,140	8,765	1,538	0	82,081
December	219,140	8,765	1,538	0	88,120
January 2000	219,140	8,772	1,295	0	83,071
February	219,140	8,772	1,295	0	83,071
March	219,140	8,772	1,295	0	83,071
April	219,140	8,772	1,295	0	83,071
May	219,140	8,772	1,295	0	83,071
June	219,140	8,772	1,295	0	83,071
July	219,140	8,772	1,295	0	84,788
August 2000	219,140	8,772	1,295	0	84,788
<b>Totals</b>	<b>2,829,878</b>	<b>81,238</b>	<b>18,504</b>	<b>0</b>	<b>762,261</b>

28  
29 **SUPPORT SCHEDULE B:**  
30 **Twelve Month Balances for Allowance Sales and By-Product Sales**

Month	Total Proceeds from Allowance Sales ES Form 2.0	Proceeds from By-Product Sales ES Form 2.0	Total All Sale Proceeds
September 1999	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January 2000	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	173,491	0	173,491
June	0	0	0
July	0	0	0
August 2000	0	0	0
<b>Totals</b>	<b>173,491</b>	<b>0</b>	<b>173,491</b>

51  
52  
53 **SUPPORT SCHEDULE C:**  
54 **Twelve Month Balances for Jurisdictional Revenues and Allocation Ratio**

Month	KY Retail Revenues, Excluding Envir. Surch. Revenues ES Form 3.0, Col. 8	Total Company Revenues, Excluding Envir. Surch. Revenues ES Form 3.0, Col. 9	KY Retail Allocation Ratio Total Company
September 1999	57,883,890	67,370,550	85.9187%
October	38,700,088	51,485,457	75.1670%
November	35,748,488	45,789,347	78.0718%
December	38,170,603	48,443,973	78.7933%
January 2000	41,009,040	53,535,708	76.6013%
February	40,877,273	47,973,131	85.2087%
March	34,212,345	45,351,815	75.4377%
April	34,930,784	42,023,199	83.1228%
May	36,975,225	44,050,039	83.9391%
June	50,918,009	59,577,513	85.4851%
July	59,488,991	67,838,680	87.9537%
August 2000	57,079,188	68,839,227	85.3977%
<b>Totals</b>	<b>525,993,862</b>	<b>640,078,639</b>	<b>82.1767%</b>

**KENTUCKY UTILITIES COMPANY / LOUISVILLE GAS & ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE – ROLL-IN ISSUES  
COMMISSION STAFF PROPOSAL**

**ATTACHMENT III**

Kentucky Utilities Company

- ◆ Part 1 – Modeling Calculations, Current Period – September 2000 (“CPKU – September 2000”)
- ◆ Part 2 – Modeling Calculations, Current Period – October 2000 (“CPKU – October 2000”)
- ◆ Part 3 – Modeling Calculations, Current Period – November 2000 (“CPKU – November 2000”)

Louisville Gas & Electric Company

- ◆ Part 1 – Modeling Calculations, Current Period – September 2000 (“CPLGE – September 2000”)
- ◆ Part 2 – Modeling Calculations, Current Period – October 2000 (“CPLGE – October 2000”)
- ◆ Part 3 – Modeling Calculations, Current Period – November 2000 (“CPLGE – November 2000”)

1 *EnvirSurch.xls*

2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5  
6 **EXPENSE MONTH OF SEPTEMBER, 2000**

7 **CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:**

8			
9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.1, Pg. 1, Col. 2	255,013,633
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.1, Pg. 1, Col. 10	107,798
12	Subtotal		<u>255,121,431</u>
13	Additions:		
14	Inventory - Spare Parts	ES Form 2.2	1,261,501
15	Inventory - Limestone	ES Form 2.2	189,158
16	Inventory - Emission Allowances	ES Form 2.3	332,360
17	Pollution Control Cash Working Capital	See Line 35	622,271
18	Subtotal		<u>2,405,290</u>
19	Deductions:		
20	Accumulated Depreciation on Pollution Control Plant	ES Form 2.1, Pg. 1, Col. 6	66,370,550
21	Pollution Control Deferred Income Taxes - Plant	ES Form 2.1, Pg. 3, Col. 6	34,328,942
22	Pollution Control Deferred Income Taxes - Allowances	ES Form 2.1, Pg. 3, Col. 9	133,228
23	Pollution Control Deferred Investment Tax Credit	ES Form 2.1, Pg. 3, Col. 2	557,341
24	Subtotal		<u>101,390,061</u>
25			
26	Environmental Compliance Rate Base		<u>156,136,660</u>
27			
28	1/12th of Environmental Compliance Rate Base		13,011,388
29	Rate of Return - Environmental Compliance Rate Base		5.85%
30	Return on Environmental Compliance Rate Base		<u>761,166</u>
31			
32	Pollution Control Cash Working Capital -		
33	Total 12 Month O&M Expenses	ES Form 2.4	4,978,164
34	One Eighth Factor		12.5%
35	Pollution Control Cash Working Capital		<u>622,271</u>
36			
37	Pollution Control Operating Expenses -		
38	Current Month O&M Expenses	ES Form 2.4	497,391
39	Current Month Depreciation & Amortization Expense	ES Form 2.1, Pg. 2, Col. 5	820,509
40	Current Month Taxes Other Than Income Taxes	ES Form 2.1, Pg. 3, Col. 10	21,972
41	Current Month Insurance Expense	ES Form 2.0	6,223
42	Current Month Emission Allowance Expense	ES Form 2.0	16,257
43			
44	Total Pollution Control Operating Expenses		<u>1,362,352</u>
45	Gross Proceeds from By-Product &		
46	Allowance Sales	ES Form 2.0	<u>0</u>
47			
48	Total Company Environmental Surcharge Gross Revenue Requirement -		
49	Current Period - Expense Month		
50	Return on Environmental Compliance Rate Base		761,166
51	Pollution Control Operating Expenses		1,362,352
52	Less Gross Proceeds from By-Product & Allowance Sales		0
53			
54	Current Period - Monthly Amount - E(m)		<u>2,123,518</u>
55			
56	Juris. Allocation Ratio - Current Period	ES Form 3.0	<u>76.07%</u>
57			
58	Average Monthly Jurisdictional Revenues		
59	for Current Period	ES Form 3.0	<u>47,593,042</u>

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
 4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5				
60				
61	<b>Current Period Jurisdictional Environmental Surcharge Factor - CESF:</b>			
62				
63	Total Company Environmental Surcharge Gross Revenue Requirement -			
64	Current Period - Expense Month			2,123,518
65	Jurisdictional Allocation Ratio - Current Period			76.07%
66	Jurisdictional Environmental Surcharge Gross Revenue Requirement -			
67	Current Period - Expense Month			1,615,360
68	Less Adjustments for Over/(Under) Recovery			349,451
69	Net Jurisdictional Revenue Requirement			1,265,909
70				
71	Average Monthly Jurisdictional Revenues for Current Period			47,593,042
72				
73	Current Period Jurisdictional Environmental Surcharge Factor	CESF		2.66%
74	Base Period Jurisdictional Environmental Surcharge Factor	BESF		3.10%
75				
76	Monthly Billed Environmental Surcharge Factor	MESF		-0.44%
77				
78	<b>Results:</b>			
79				
80	<u>Base Period - (Monthly is 1/12th of Annual)</u>			
81	Total Company Environmental Surcharge Gross Revenue Requirement		23,335,432	1,944,619
82	Jurisdictional Allocation Ratio		76.15%	76.15%
83				
84	Jurisdictional Environmental Surcharge Gross Revenue Requirement		17,769,931	1,480,827
85				
86	Jurisdictional Revenues		572,739,904	47,728,325
87				
88	Jurisdictional Environmental Surcharge Factor - BESF		3.10%	3.10%
89				
90	<u>Current Period -</u>			
91	Total Company Environmental Surcharge Gross Revenue Requirement			2,123,518
92	Jurisdictional Allocation Ratio			76.07%
93				
94	Jurisdictional Environmental Surcharge Gross Revenue Requirement			1,615,360
95	Less Adjustments for Over/(Under) Recovery			349,451
96	Net Jurisdictional Environmental Surcharge Revenue Requirement			1,265,909
97				
98	Jurisdictional Revenues			47,593,042
99				
100	Jurisdictional Environmental Surcharge Factor - CESF			2.66%
101				
102	Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF		-0.44%
103	<u>Proof -</u>			
104	BESF times KY Jurisdictional Revenues		47,593,042	3.10%
105	MESF times KY Jurisdictional Revenues		47,593,042	-0.44%
106		Net Results		1,265,975
107		Revenue Requirement		1,265,909
108		Difference		66

1	<i>EnvirSurch.xls</i>		
2	<b>STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM</b>		
3	<b>ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY</b>		
4	<b>DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR</b>		
5			
6	<b>EXPENSE MONTH OF OCTOBER 2000</b>		
7	<b>CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:</b>		
8			
9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.1, Pg. 1, Col. 2	255,072,269
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.1, Pg. 1, Col. 10	387,071
12	Subtotal		<u>255,459,340</u>
13	Additions:		
14	Inventory - Spare Parts	ES Form 2.2	1,196,274
15	Inventory - Limestone	ES Form 2.2	199,146
16	Inventory - Emission Allowances	ES Form 2.3	314,546
17	Pollution Control Cash Working Capital	See Line 35	659,985
18	Subtotal		<u>2,369,951</u>
19	Deductions:		
20	Accumulated Depreciation on Pollution Control Plant	ES Form 2.1, Pg. 1, Col. 6	67,191,059
21	Pollution Control Deferred Income Taxes - Plant	ES Form 2.1, Pg. 3, Col. 6	34,196,407
22	Pollution Control Deferred Income Taxes - Allowances	ES Form 2.1, Pg. 3, Col. 9	133,228
23	Pollution Control Deferred Investment Tax Credit	ES Form 2.1, Pg. 3, Col. 2	549,564
24	Subtotal		<u>102,070,258</u>
25			
26	Environmental Compliance Rate Base		<u>155,759,033</u>
27			
28	1/12th of Environmental Compliance Rate Base		12,979,919
29	Rate of Return - Environmental Compliance Rate Base		5.85%
30	Return on Environmental Compliance Rate Base		<u>759,325</u>
31			
32	Pollution Control Cash Working Capital -		
33	Total 12 Month O&M Expenses	ES Form 2.4	5,279,882
34	One Eighth Factor		12.5%
35	Pollution Control Cash Working Capital		<u>659,985</u>
36			
37	Pollution Control Operating Expenses -		
38	Current Month O&M Expenses	ES Form 2.4	568,650
39	Current Month Depreciation & Amortization Expense	ES Form 2.1, Pg. 2, Col. 5	820,509
40	Current Month Taxes Other Than Income Taxes	ES Form 2.1, Pg. 3, Col. 10	21,972
41	Current Month Insurance Expense	ES Form 2.0	6,223
42	Current Month Emission Allowance Expense	ES Form 2.0	17,813
43			
44	Total Pollution Control Operating Expenses		<u>1,435,167</u>
45	Gross Proceeds from By-Product &		
46	Allowance Sales	ES Form 2.0	<u>15,000</u>
47			
48	<b>Total Company Environmental Surcharge Gross Revenue Requirement -</b>		
49	Current Period - Expense Month		
50	Return on Environmental Compliance Rate Base		759,325
51	Pollution Control Operating Expenses		1,435,167
52	Less Gross Proceeds from By-Product & Allowance Sales		<u>(15,000)</u>
53			
54	Current Period - Monthly Amount - E(m)		<u>2,179,492</u>
55			
56	Juris. Allocation Ratio - Current Period	ES Form 3.0	<u>71.56%</u>
57			
58	Average Monthly Jurisdictional Revenues		
59	for Current Period	ES Form 3.0	<u>47,628,379</u>

1 *EnvirSurch.xls*  
2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

60				
61	<b>Current Period Jurisdictional Environmental Surcharge Factor - CESF:</b>			
62				
63	Total Company Environmental Surcharge Gross Revenue Requirement -			
64	Current Period - Expense Month			2,179,492
65	Jurisdictional Allocation Ratio - Current Period			71.56%
66	Jurisdictional Environmental Surcharge Gross Revenue Requirement -			
67	Current Period - Expense Month			1,559,644
68	Less Adjustments for Over/(Under) Recovery			1,517,708
69	Net Jurisdictional Revenue Requirement			41,936
70				
71	Average Monthly Jurisdictional Revenues for Current Period			47,628,379
72				
73	Current Period Jurisdictional Environmental Surcharge Factor	CESF		0.09%
74	Base Period Jurisdictional Environmental Surcharge Factor	BESF		3.10%
75				
76	Monthly Billed Environmental Surcharge Factor	MESF		-3.01%
77				
78	<b>Results:</b>			
79				
80	<u>Base Period - (Monthly is 1/12th of Annual)</u>			
81	Total Company Environmental Surcharge Gross Revenue Requirement		23,335,432	1,944,619
82	Jurisdictional Allocation Ratio		76.15%	76.15%
83				
84	Jurisdictional Environmental Surcharge Gross Revenue Requirement		17,769,931	1,480,827
85				
86	Jurisdictional Revenues		572,739,904	47,728,325
87				
88	Jurisdictional Environmental Surcharge Factor - BESF		3.10%	3.10%
89				
90	<u>Current Period -</u>			
91	Total Company Environmental Surcharge Gross Revenue Requirement			2,179,492
92	Jurisdictional Allocation Ratio			71.56%
93				
94	Jurisdictional Environmental Surcharge Gross Revenue Requirement			1,559,644
95	Less Adjustments for Over/(Under) Recovery			1,517,708
96	Net Jurisdictional Environmental Surcharge Revenue Requirement			41,936
97				
98	Jurisdictional Revenues			47,628,379
99				
100	Jurisdictional Environmental Surcharge Factor - CESF			0.09%
101				
102	Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF		-3.01%
103	<u>Proof -</u>			
104	BESF times KY Jurisdictional Revenues		47,628,379	3.10%
105	MESF times KY Jurisdictional Revenues		47,628,379	-3.01%
106				42,866
107	Net Results Revenue Requirement			41,936
108	Difference			930

1 *EnvirSurch.xls*

2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5  
6 **EXPENSE MONTH OF NOVEMBER, 2000**  
7 **CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:**

9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.1, Pg. 1, Col. 2	255,072,269
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.1, Pg. 1, Col. 10	387,071
12	Subtotal		<u>255,459,340</u>
13	Additions:		
14	Inventory - Spare Parts	ES Form 2.2	1,162,855
15	Inventory - Limestone	ES Form 2.2	212,917
16	Inventory - Emission Allowances	ES Form 2.3	305,168
17	Pollution Control Cash Working Capital	See Line 35	665,187
18	Subtotal		<u>2,346,127</u>
19	Deductions:		
20	Accumulated Depreciation on Pollution Control Plant	ES Form 2.1, Pg. 1, Col. 6	68,011,568
21	Pollution Control Deferred Income Taxes - Plant	ES Form 2.1, Pg. 3, Col. 6	34,063,872
22	Pollution Control Deferred Income Taxes - Allowances	ES Form 2.1, Pg. 3, Col. 9	133,228
23	Pollution Control Deferred Investment Tax Credit	ES Form 2.1, Pg. 3, Col. 2	541,787
24	Subtotal		<u>102,750,455</u>
25			
26	Environmental Compliance Rate Base		<u>155,055,012</u>
27			
28	1/12th of Environmental Compliance Rate Base		12,921,251
29	Rate of Return - Environmental Compliance Rate Base		5.85%
30	<b>Return on Environmental Compliance Rate Base</b>		<u>755,893</u>
31			
32	Pollution Control Cash Working Capital -		
33	Total 12 Month O&M Expenses	ES Form 2.4	5,321,495
34	One Eighth Factor		12.5%
35	Pollution Control Cash Working Capital		<u>665,187</u>
36			
37	Pollution Control Operating Expenses -		
38	Current Month O&M Expenses	ES Form 2.4	529,962
39	Current Month Depreciation & Amortization Expense	ES Form 2.1, Pg. 2, Col. 5	820,509
40	Current Month Taxes Other Than Income Taxes	ES Form 2.1, Pg. 3, Col. 10	21,972
41	Current Month Insurance Expense	ES Form 2.0	6,223
42	Current Month Emission Allowance Expense	ES Form 2.0	17,844
43			
44	<b>Total Pollution Control Operating Expenses</b>		<u>1,396,510</u>
45	<b>Gross Proceeds from By-Product &amp;</b>		
46	<b>Allowance Sales</b>	ES Form 2.0	<u>0</u>
47			
48	True-Up Adjustment for Two Month Lag -		
49	MESF for November 2000 (September 2000 Expense Month)		-0.44%
50	Jurisdictional Revenues for November 2000, excluding		
51	Environmental Surcharge	ES Form 3.0	<u>42,723,919</u>
52	Surcharge Amount from November 2000 Billing	Line 49 x Line 51	(187,985)
53	Surcharge Amount To Be Collected	\$47,593,042 x -0.44%	(209,409)
54	<b>Over / (Under) Recovery</b>	Line 52 - Line 53	<u>21,424</u>
55	Note: As an over-recovery, this amount will be deducted from the calculation of the jurisdictional revenue requirement.		
56			
57	<b>Total Company Environmental Surcharge Gross Revenue Requirement -</b>		
58	<b>Current Period - Expense Month</b>		
59	Return on Environmental Compliance Rate Base		755,893
60	Pollution Control Operating Expenses		1,396,510
61	Less Gross Proceeds from By-Product & Allowance Sales		<u>0</u>
62			
63	<b>Current Period - Monthly Amount - E(m)</b>		<u>2,152,403</u>
64			

1 *EnvirSurch.xls*  
2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR KENTUCKY UTILITIES COMPANY**  
4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

65	Juris. Allocation Ratio - Current Period	ES Form 3.0		<u>71.56%</u>
66				
67	Average Monthly Jurisdictional Revenues			
68	for Current Period	ES Form 3.0		<u>47,612,112</u>
69				
70	<b>Current Period Jurisdictional Environmental Surcharge Factor - CESF:</b>			
71				
72	Total Company Environmental Surcharge Gross Revenue Requirement -			
73	Current Period - Expense Month			2,152,403
74	Jurisdictional Allocation Ratio - Current Period			<u>71.56%</u>
75	Jurisdictional Environmental Surcharge Gross Revenue Requirement -			
76	Current Period - Expense Month			1,540,260
77	Adjustment for Two-Month Lag Over/(Under) Recovery			21,424
78	Adjustment for Over/(Under) Recovery due to Six-Month Review			<u>349,451</u>
79	Net Jurisdictional Revenue Requirement			1,169,385
80				
81	Average Monthly Jurisdictional Revenues for Current Period			<u>47,612,112</u>
82				
83	Current Period Jurisdictional Environmental Surcharge Factor	CESF		2.46%
84	Base Period Jurisdictional Environmental Surcharge Factor	BESF		<u>3.10%</u>
85				
86	Monthly Billed Environmental Surcharge Factor	MESF		<u>-0.64%</u>
87				
88	<b>Results:</b>			
89			Annual Amount	Monthly Amount
90	<u>Base Period - (Monthly is 1/12th of Annual)</u>			
91	Total Company Environmental Surcharge Gross Revenue Requirement		23,335,432	1,944,619
92	Jurisdictional Allocation Ratio		<u>76.15%</u>	<u>76.15%</u>
93				
94	Jurisdictional Environmental Surcharge Gross Revenue Requirement		<u>17,769,931</u>	<u>1,480,827</u>
95				
96	Jurisdictional Revenues		<u>572,739,904</u>	<u>47,728,325</u>
97				
98	Jurisdictional Environmental Surcharge Factor - BESF		<u>3.10%</u>	<u>3.10%</u>
99				
100	<u>Current Period -</u>			
101	Total Company Environmental Surcharge Gross Revenue Requirement			2,152,403
102	Jurisdictional Allocation Ratio			<u>71.56%</u>
103				
104	Jurisdictional Environmental Surcharge Gross Revenue Requirement			1,540,260
105	Adjustment for Two-Month Lag Over/(Under) Recovery			21,424
106	Adjustment for Over/(Under) Recovery due to Six-Month Review			<u>349,451</u>
107	Net Jurisdictional Environmental Surcharge Revenue Requirement			<u>1,169,385</u>
108				
109	Jurisdictional Revenues			<u>47,612,112</u>
110				
111	Jurisdictional Environmental Surcharge Factor - CESF			<u>2.46%</u>
112				
113	Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF		<u>-0.64%</u>
114	<u>Proof -</u>			
115	BESF times KY Jurisdictional Revenues	47,612,112	3.10%	1,475,975
116	MESF times KY Jurisdictional Revenues	47,612,112	-0.64%	<u>(304,718)</u>
117		Net Results		<u>1,171,257</u>
118		Revenue Requirement		<u>1,169,385</u>
119		Difference		<u>1,872</u>

1	<i>EnvirSurch.xls</i>		
2	<b>STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM</b>		
3	<b>ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS &amp; ELECTRIC COMPANY</b>		
4	<b>DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR</b>		
5			
6	EXPENSE MONTH OF SEPTEMBER, 2000		
7	CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:		
8			
9	Environmental Compliance Rate Base -		
10	Pollution Control-Plant in Service	ES Form 2.2	78,836,562
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2	0
12	Subtotal		<u>78,836,562</u>
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2	17,801,332
15	Pollution Control Deferred Income Taxes	ES Form 2.0	3,641,911
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0	0
17	Subtotal		<u>21,443,243</u>
18			
19	Environmental Compliance Rate Base		<u>57,393,319</u>
20			
21	1/12th of Environmental Compliance Rate Base		4,782,777
22	Rate of Return - Environmental Compliance Rate Base		5.60%
23	Return on Environmental Compliance Rate Base		<u>267,836</u>
24			
25	Pollution Control Operating Expenses -		
26	Current Month Depreciation & Amortization Expense	ES Form 2.2	263,355
27	Current Month Taxes Other Than Income Taxes	ES Form 2.1	7,976
28	Current Month Insurance Expense	ES Form 2.1	1,537
29	Current Month Emission Allowance Expense	ES Form 2.1	0
30	Current Month Permitting Fees	ES Form 2.1	64,766
31			
32	Total Pollution Control Operating Expenses		<u>337,634</u>
33			
34	Gross Proceeds from By-Product &		
35	Allowance Sales	ES Form 2.0	<u>0</u>
36			
37	Total Company Environmental Surcharge Gross Revenue Requirement -		
38	Current Period - Expense Month		
39	Return on Environmental Compliance Rate Base		267,836
40	Pollution Control Operating Expenses		337,634
41	Less Gross Proceeds from By-Product & Allowance Sales		<u>0</u>
42			
43	Current Period - Monthly Amount - E(m)		<u>605,470</u>
44			
45	Jurisdictional Allocation Ratio - Current Period	ES Form 3.0	<u>82.7811%</u>
46			
47	Average Monthly Jurisdictional Revenues		
48	for Current Period	ES Form 3.0	<u>43,569,606</u>
49			
50	Current Period Jurisdictional Environmental Surcharge Factor - CESF:		
51			
52	Total Company Environmental Surcharge Gross Revenue Requirement -		
53	Current Period - Expense Month		605,470
54	Jurisdictional Allocation Ratio - Current Period		<u>82.7811%</u>
55	Jurisdictional Environmental Surcharge Gross Revenue Requirement -		
56	Current Period - Expense Month		501,215
57	Less Adjustments for Over/(Under) Recovery		<u>86,519</u>
58	Net Jurisdictional Revenue Requirement		414,696
59			
60	Average Monthly Jurisdictional Revenues for Current Period		<u>43,569,606</u>
61			
62	Current Period Jurisdictional Environmental Surcharge Factor	CESF	0.95%
63	Base Period Jurisdictional Environmental Surcharge Factor	BESF	<u>1.11%</u>
64			
65	Monthly Billed Environmental Surcharge Factor	MESF	<u>-0.16%</u>
66			

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

67 **Results:**

	Annual Amount	Monthly Amount
68 <u>Base Period - (Monthly is 1/12th of Annual)</u>		
69 Total Company Environmental Surcharge Gross Revenue Requirement	7,096,016	591,335
70 Jurisdictional Allocation Ratio	82.1767%	82.1767%
71 Jurisdictional Environmental Surcharge Gross Revenue Requirement	5,831,272	485,940
72 Jurisdictional Revenues	525,993,862	43,832,822
73 Jurisdictional Environmental Surcharge Factor - BESF	1.11%	1.11%
74 <u>Current Period -</u>		
75 Total Company Environmental Surcharge Gross Revenue Requirement		605,470
76 Jurisdictional Allocation Ratio		82.7811%
77 Jurisdictional Environmental Surcharge Gross Revenue Requirement		501,215
78 Less Adjustments for Over/(Under) Recovery		86,519
79 Net Jurisdictional Environmental Surcharge Revenue Requirement		414,696
80 Jurisdictional Revenues		43,569,606
81 Jurisdictional Environmental Surcharge Factor - CESF		0.95%
82 Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF	-0.16%
83 <u>Proof -</u>		
84 BESF times KY Retail Revenues	43,569,606	1.11%
85 MESF times KY Retail Revenues	43,569,606	-0.16%
86 Net Results		483,523
87 Revenue Requirement		(59,711)
88 Difference		413,912
		414,696
		(784)

*Brings 96 Factor back to a revenue calculation.*

1 *EnvirSurch.xls*  
2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5  
6 EXPENSE MONTH OF OCTOBER 2000  
7 CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:

9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.2	78,836,562
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2	0
12		Subtotal	<u>78,836,562</u>
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2	18,064,687
15	Pollution Control Deferred Income Taxes	ES Form 2.0	3,668,900
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0	0
17		Subtotal	<u>21,733,587</u>
18			
19	Environmental Compliance Rate Base		<u>57,102,975</u>
20			
21	1/12th of Environmental Compliance Rate Base		4,758,581
22	Rate of Return - Environmental Compliance Rate Base		5.60%
23	Return on Environmental Compliance Rate Base		<u>266,481</u>
24			
25	Pollution Control Operating Expenses -		
26	Current Month Depreciation & Amortization Expense	ES Form 2.2	263,356
27	Current Month Taxes Other Than Income Taxes	ES Form 2.1	7,976
28	Current Month Insurance Expense	ES Form 2.1	1,537
29	Current Month Emission Allowance Expense	ES Form 2.1	0
30	Current Month Permitting Fees	ES Form 2.1	64,766
31			
32	Total Pollution Control Operating Expenses		<u>337,635</u>
33			
34	Gross Proceeds from By-Product &		
35	Allowance Sales	ES Form 2.0	<u>0</u>
36			
37	Total Company Environmental Surcharge Gross Revenue Requirement -		
38	Current Period - Expense Month		
39	Return on Environmental Compliance Rate Base		266,481
40	Pollution Control Operating Expenses		337,635
41	Less Gross Proceeds from By-Product & Allowance Sales		<u>0</u>
42			
43	Current Period - Monthly Amount - E(m)		<u>604,116</u>
44			
45	Jurisdictional Allocation Ratio - Current Period	ES Form 3.0	<u>77.2341%</u>
46			
47	Average Monthly Jurisdictional Revenues		
48	for Current Period	ES Form 3.0	<u>43,424,073</u>
49			
50	Current Period Jurisdictional Environmental Surcharge Factor - CESF:		
51			
52	Total Company Environmental Surcharge Gross Revenue Requirement -		
53	Current Period - Expense Month		604,116
54	Jurisdictional Allocation Ratio - Current Period		<u>77.2341%</u>
55	Jurisdictional Environmental Surcharge Gross Revenue Requirement -		
56	Current Period - Expense Month		466,584
57	Less Adjustments for Over/(Under) Recovery		<u>232,192</u>
58	Net Jurisdictional Revenue Requirement		234,392
59			
60	Average Monthly Jurisdictional Revenues for Current Period		<u>43,424,073</u>
61			
62	Current Period Jurisdictional Environmental Surcharge Factor	CESF	0.54%
63	Base Period Jurisdictional Environmental Surcharge Factor	BESF	<u>1.11%</u>
64			
65	Monthly Billed Environmental Surcharge Factor	MESF	<u>-0.57%</u>
66			

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5

67 **Results:**

68

69 Base Period - (Monthly is 1/12th of Annual)

70 Total Company Environmental Surcharge Gross Revenue Requirement

71 Jurisdictional Allocation Ratio

72

73 Jurisdictional Environmental Surcharge Gross Revenue Requirement

74

75 Jurisdictional Revenues

76

77 Jurisdictional Environmental Surcharge Factor - BESF

78

79 Current Period -

80 Total Company Environmental Surcharge Gross Revenue Requirement

81 Jurisdictional Allocation Ratio

82

83 Jurisdictional Environmental Surcharge Gross Revenue Requirement

84 Less Adjustments for Over/(Under) Recovery

85 Net Jurisdictional Environmental Surcharge Revenue Requirement

86

87 Jurisdictional Revenues

88

89 Jurisdictional Environmental Surcharge Factor - CESF

90

91 Monthly Billed Environmental Surcharge Factor - MESF

92 Proof -

93 BESF times KY Retail Revenues

94 MESF times KY Retail Revenues

95

96

97

98

	Annual Amount	Monthly Amount
Total Company Environmental Surcharge Gross Revenue Requirement	7,096,016	591,335
Jurisdictional Allocation Ratio	82.1767%	82.1767%
Jurisdictional Environmental Surcharge Gross Revenue Requirement	5,831,272	485,940
Jurisdictional Revenues	525,993,862	43,832,822
Jurisdictional Environmental Surcharge Factor - BESF	1.11%	1.11%
Total Company Environmental Surcharge Gross Revenue Requirement		604,116
Jurisdictional Allocation Ratio		77.2341%
Jurisdictional Environmental Surcharge Gross Revenue Requirement		466,584
Less Adjustments for Over/(Under) Recovery		232,192
Net Jurisdictional Environmental Surcharge Revenue Requirement		234,392
Jurisdictional Revenues		43,424,073
Jurisdictional Environmental Surcharge Factor - CESF		0.54%
Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF	-0.57%
BESF times KY Retail Revenues	43,424,073	1.11%
MESF times KY Retail Revenues	43,424,073	-0.57%
Net Results		234,490
Revenue Requirement		234,392
Difference		98

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**

5  
 6 **EXPENSE MONTH OF NOVEMBER, 2000**  
 7 **CALCULATION OF REVENUE REQUIREMENT FOR CURRENT PERIOD:**

9	Environmental Compliance Rate Base -		
10	Pollution Control Plant in Service	ES Form 2.2	78,836,562
11	Pollution Control CWIP Excluding AFUDC	ES Form 2.2	0
12		Subtotal	<u>78,836,562</u>
13	Deductions:		
14	Accumulated Depreciation on Pollution Control Plant	ES Form 2.2	18,328,043
15	Pollution Control Deferred Income Taxes	ES Form 2.0	3,695,889
16	Pollution Control Deferred Investment Tax Credit	ES Form 2.0	0
17		Subtotal	<u>22,023,932</u>
18			
19	Environmental Compliance Rate Base		<u>56,812,630</u>
20			
21	1/12th of Environmental Compliance Rate Base		4,734,386
22	Rate of Return - Environmental Compliance Rate Base		5.60%
23	Return on Environmental Compliance Rate Base		<u>265,126</u>
24			
25	Pollution Control Operating Expenses -		
26	Current Month Depreciation & Amortization Expense	ES Form 2.2	263,356
27	Current Month Taxes Other Than Income Taxes	ES Form 2.1	7,976
28	Current Month Insurance Expense	ES Form 2.1	1,537
29	Current Month Emission Allowance Expense	ES Form 2.1	0
30	Current Month Permitting Fees	ES Form 2.1	64,766
31			
32	Total Pollution Control Operating Expenses		<u>337,635</u>
33			
34	Gross Proceeds from By-Product &		
35	Allowance Sales	ES Form 2.0	<u>0</u>
36			
37	True-Up Adjustment for Two Month Lag -		
38	MESF for November 2000 (September 2000 Expense Month)		-0.16%
39	Jurisdictional Revenues for November 2000, excluding		
40	Environmental Surcharge	ES Form 3.0	<u>36,016,101</u>
41	Surcharge Amount from November 2000 Billing	Line 38 x Line 40	(57,626)
42	Surcharge Amount To Be Collected	\$43,569,606 x -0.16%	<u>(69,711)</u>
43	Over / (Under) Recovery	Line 41 - Line 42	<u>12,085</u>
44	Note: As an over-recovery, this amount will be deducted from the calculation of the retail revenue requirement.		
45			
46	Total Company Environmental Surcharge Gross Revenue Requirement -		
47	Current Period - Expense Month		
48	Return on Environmental Compliance Rate Base		265,126
49	Pollution Control Operating Expenses		337,635
50	Less Gross Proceeds from By-Product & Allowance Sales		<u>0</u>
51			
52	Current Period - Monthly Amount - E(m)		<u>602,761</u>
53			
54	Jurisdictional Allocation Ratio - Current Period	ES Form 3.0	<u>81.7225%</u>
55			
56	Average Monthly Jurisdictional Revenues		
57	for Current Period	ES Form 3.0	<u>43,446,376</u>
58			

1 *EnvirSurch.xls*  
 2 **STAFF PROPOSAL ADDRESSING ISSUES RAISED RESULTING FROM**  
 3 **ENVIRONMENTAL SURCHARGE ROLL-IN FOR LOUISVILLE GAS & ELECTRIC COMPANY**  
 4 **DETERMINATION OF CURRENT PERIOD AND APPLICABLE BILLING FACTOR**  
 5

59 **Current Period Jurisdictional Environmental Surcharge Factor - CESF:**  
 60

61 Total Company Environmental Surcharge Gross Revenue Requirement -			
62 Current Period - Expense Month			602,761
63 Jurisdictional Allocation Ratio - Current Period			<u>81.7225%</u>
64 Jurisdictional Environmental Surcharge Gross Revenue Requirement -			
65 Current Period - Expense Month			492,591
66 Adjustment for Two-Month Lag Over/(Under) Recovery			12,085
67 Adjustment for Over/(Under) Recovery due to Six-Month Review			<u>86,519</u>
68 Net Jurisdictional Revenue Requirement			<u>393,987</u>
69			
70 Average Monthly Jurisdictional Revenues for Current Period			<u><u>43,446,376</u></u>
71			
72 Current Period Jurisdictional Environmental Surcharge Factor	CESF		0.91%
73 Base Period Jurisdictional Environmental Surcharge Factor	BESF		<u>1.11%</u>
74			
75 Monthly Billed Environmental Surcharge Factor	MESF		<u><u>-0.20%</u></u>
76			

77 **Results:**

	<u>Annual Amount</u>	<u>Monthly Amount</u>
78		
79 <u>Base Period - (Monthly is 1/12th of Annual)</u>		
80 Total Company Environmental Surcharge Gross Revenue Requirement	7,096,016	591,335
81 Jurisdictional Allocation Ratio	<u>82.1767%</u>	<u>82.1767%</u>
82		
83 Jurisdictional Environmental Surcharge Gross Revenue Requirement	<u>5,831,272</u>	<u>485,940</u>
84		
85 Jurisdictional Revenues	<u>525,993,862</u>	<u>43,832,822</u>
86		
87 Jurisdictional Environmental Surcharge Factor - BESF	<u>1.11%</u>	<u>1.11%</u>
88		

89 Current Period -

90 Total Company Environmental Surcharge Gross Revenue Requirement		602,761
91 Jurisdictional Allocation Ratio		<u>81.7225%</u>
92		
93 Jurisdictional Environmental Surcharge Gross Revenue Requirement		492,591
94 Adjustment for Two-Month Lag Over/(Under) Recovery		12,085
95 Adjustment for Over/(Under) Recovery due to Six-Month Review		<u>86,519</u>
96 Net Jurisdictional Environmental Surcharge Revenue Requirement		<u>393,987</u>
97		

98 Jurisdictional Revenues		<u>43,446,376</u>
99		

100 Jurisdictional Environmental Surcharge Factor - CESF		<u>0.91%</u>
101		

102 Monthly Billed Environmental Surcharge Factor - MESF	CESF - BESF	<u><u>-0.20%</u></u>
103 <u>Proof -</u>		

104 BESF times KY Retail Revenues	43,446,376	1.11%	482,255
105 MESF times KY Retail Revenues	43,446,376	-0.20%	<u>(86,893)</u>
106	Net Results		395,362
107	Revenue Requirement		<u>393,987</u>
108	Difference		<u><u>1,375</u></u>
109			

**KENTUCKY UTILITIES COMPANY / LOUISVILLE GAS & ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE – ROLL-IN ISSUES  
COMMISSION STAFF PROPOSAL**

**ATTACHMENT IV**

**Revised Formats – Monthly Environmental Surcharge Filings**

*To Be Used by KU and LG&E:*

ES Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor – MESF

ES Form 1.1

Calculation of Current Period Jurisdictional Environmental Surcharge Factor –  
CESF

ES Form 2.0, Pages 1 and 2 of 2

Current Period Revenue Requirements of Environmental Compliance Costs

ES Form 2.1

Plant Investment and Related Costs

ES Form 2.30

Inventory of Emission Allowances

ES Form 3.0

Average Monthly Jurisdictional Revenue Computation of  $R(m)$

ES Form 3.1

Reconciliation of Reported Revenues

*To Be Used by KU Only, At Present:*

ES Form 2.2

Inventories of Spare Parts and Limestone

ES Form 2.31

Valuation of Current Vintage Year Emission Allowances

ES Form 2.4, Pages 1 and 2 of 2

O & M Expenses and Determination of Working Capital Allowance

These draft formats would replace all existing formats used for the monthly surcharge filings.

**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Calculation of Monthly Billed Environmental Surcharge Factor – MESF  
For the Expense Month of {Month Year}

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Jurisdictional Environmental Surcharge Factor

BESF = Base Period Jurisdictional Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 =

BESF, from Case No. =

MESF =

Effective Date for Billing:

Submitted by: \_\_\_\_\_

Title: \_\_\_\_\_

Date Submitted: \_\_\_\_\_

**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Calculation of Current Period Jurisdictional Environmental Surcharge Factor – CESF**  
**For the Expense Month of {Month Year}**

$$\text{CESF} = \text{Net Jurisdictional E(m)} / \text{Jurisdictional R(m)}$$

Where:

Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month

Net Jurisdictional E(m) = (E(m) x Jurisdictional Allocation Ratio) +/- Adjustments for Over/(Under) Recoveries and Monthly True-Up

$$E(m) = (RB / 12)[ROR + (ROR - DR)(1 / (1 - TR))] + PCOE - BAS$$

E(m) = Total Company Environmental Surcharge Gross Revenue Requirement

RB = Environmental Compliance Rate Base

ROR = Rate of Return on Environmental Compliance Rate Base

DR = Pollution Control Bond Rate

TR = Composite Federal & State Income Tax Rate

PCOE = Pollution Control Operating Expenses

BAS = Net Proceeds from By-Product and Allowance Sales

Calculation of E(m):

RB	=
RB / 12	=
[ROR + (ROR - DR)(1 / (1 - TR))]	=
(RB / 12) X Grossed Up ROR	=
PCOE	=
BAS	=
E(m)	=

Calculation of Net Jurisdictional E(m):

Jurisdictional Allocation Ratio for Current Expense Month	=
Jurisdictional E(m): E(m) x Jurisdictional Allocation Ratio	=
Adjustment for Over/(Under) Recovery, Case No.	=
Adjustment for True-Up	=
Net Jurisdictional E(m)	=

Calculation of CESF:

Net Jurisdictional E(m)	=
Jurisdictional R(m)	=
CESF: Net Jurisdictional E(m) / Jurisdictional R(m)	=

{Utility Name}  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Current Period Revenue Requirements of Environmental Compliance Costs  
 For the Expense Month of {Month Year}

Determination of Environmental Compliance Rate Base (RB)

Eligible Pollution Control Plant		
Eligible Pollution CWIP Excluding AFUDC		
Subtotal		
Additions:		
Inventory – Spare Parts		
Inventory – Limestone		
Inventory – Emission Allowances		
Pollution Control Working Capital Allowance		
Subtotal		
Deductions:		
Accumulated Depreciation on Eligible PC Plant		
Pollution Control Deferred Income Taxes		
Pollution Control Deferred Investment Tax Credit		
Subtotal		
Environmental Compliance Rate Base		

Determination of Pollution Control Operating Expenses (PCOE)

Monthly Operations & Maintenance Expense	
Monthly Depreciation & Amortization Expense	
Monthly Taxes Other Than Income Taxes	
Monthly Insurance Expense	
Emission Allowance Expense	
Monthly Permitting Fees	
Surcharge Consultant Fee	
Subtotal	
Less: Operating Expenses Associated with Retirements or Replacements Occurring Since Last Roll-in of Surcharge into Existing Rates	
Pollution Control Operating Expenses	

{Utility Name}  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Current Period Revenue Requirements of Environmental Compliance Costs  
 For the Expense Month of {Month Year}

Determination of Proceeds from Allowance and By-Product Sales (BAS)

	Gross Proceeds	Sales Expenses	Net Proceeds
Allowance Sales:			
Allowances Allocated from EPA			
Allowances from Over-Control			
Allowances from Purchases			
Total Allowance Sales			
By-Product Sales			
Total Proceeds from Allowance and By-Product Sales			

True-Up Adjustment  
 Over/(Under) Recovery of Monthly Surcharge Due to Timing Differences

A	MESF for {Two Months' Previous Expense Month}	
B	Jurisdictional Revenues for {Current Expense Month}, excluding Environmental Surcharge	
C	Surcharge Amount from {Current Month} Billing (A x B)	
D	Surcharge Amount to be Collected	
E	Over/(Under) Recovery due to Timing Differences (C - D)	
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m).		



**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventories of Spare Parts and Limestone**  
**For the Expense Month of {Month Year}**

	Beginning Inventory	Purchases	Utilized	Other Adjustments	Ending Inventory
<b>Spare Parts:</b>					
Green River					
E. W. Brown					
Ghent					
Tyrone					
Pineville					
<b>Limestone:</b>					
<b>At Ghent -</b>					
Tons					
Dollars					
\$ / Ton					
<b>At Green River -</b>					
Tons					
Dollars					
\$ / Ton					

Attach to this Form an explanation of the reason(s) for any entry in the Column labeled "Other Adjustments."

**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances**  
**For the Expense Month of {Month Year}**

Vintage Year	Number of Allowances	Total Dollar Value of Vintage Year	Comments and Explanations
Current Year			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020 - 2029			

In the "Comments and Explanation" column, describe any allowance inventory adjustment other than the assignment of allowances by EPA. Inventory adjustments include, but are not limited to, purchases, allowances acquired as part of other purchases, and the sale of allowances.

**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Valuation of Current Vintage Year Emission Allowances**  
**For the Expense Month of {Month Year}**

	Beginning Inventory	Allocations/Purchases	Utilized	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>Total Emission Allowances in Inventory, All Classifications:</b>						
Quantity						
Dollars						
\$/Allowance						
<b>Allocated Allowances from EPA:</b>						
Quantity						
Dollars						
<b>Extension Allowances from EPA:</b>						
Quantity						
Dollars						
<b>Allowances from Over-Control (Over Scrubbing):</b>						
Quantity						
Dollars						
<b>Allowances from Purchases:</b>						
Quantity						
Dollars						

{Utility} is required to maintain adequate allowance records that will allow ready identification of the number of each classification of allowances included in ending inventory.

Current year emission allowance inventory reflects the balance of allowances for that vintage year and the carried-forward balance of unused allowances from prior vintage years.



{Utility Name}  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O & M Expenses and Determination of Working Capital Allowance**  
**For the Expense Month of {Month Year}**

Eligible O & M Expenses – 12 Month Period	
11 <sup>th</sup> Previous Month	
10 <sup>th</sup> Previous Month	
9 <sup>th</sup> Previous Month	
8 <sup>th</sup> Previous Month	
7 <sup>th</sup> Previous Month	
6 <sup>th</sup> Previous Month	
5 <sup>th</sup> Previous Month	
4 <sup>th</sup> Previous Month	
3 <sup>rd</sup> Previous Month	
2 <sup>nd</sup> Previous Month	
Previous Month	
Current Month	
Total O & M Expenses – 12 Months Ending with Current Month	
Pollution Control Working Capital Allowance – One Eighth (1/8 <sup>th</sup> ) of 12 Months O & M Expenses	



**{Utility Name}**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Reconciliation of Reported Revenues  
 For the Expense Month of {Month Year}

Description	Revenues per ES Form 3.0	Revenues per Income Statement
Kentucky Jurisdictional Revenues:		
Base Rates		
Fuel Adjustment Clause		
Environmental Surcharge		
(Identify)		
(Identify)		
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes		
Non-Jurisdictional Revenues:		
(Identify)		
(Identify)		
(Identify)		
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes		
Total Company Revenues for Environmental Surcharge Purposes		
Reconciling Revenues:		
(Identify)		
(Identify)		
(Identify)		
Total Company Revenues per Income Statement		

**ATTACHMENT TO RESPONSE NO. 12(b)**

**Kentucky Power Company**  
**Production Gross Revenue Conversion Factor**  
**With Federal & State §199 Deduction and Kentucky Tax Rate Reductions and No OH or WV**

	3% §199 Deduction for Fed and State and 6.0% State Income Tax Rate
Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
State Income Tax Expense, Net of § 199 Deduction - (See Rates Below)	<u>\$ 5.8029</u>
Federal Taxable Production Income before §199 Deduction	\$ 93.7243
§199 Deduction Phase-In	<u>\$ 2.8117</u>
Federal Taxable Production Income	\$ 90.9126
Federal Income Tax Expense After §199 Deduction (35% Statutory Tax Rate)	<u>\$ 31.8194</u>
Total Federal & State Income Tax Expense after §199 Ded & State Rate Reduct	<u>\$ 37.6223</u>
Gross-Up Factor for Production Income	<u>62.3777%</u>
Gross Revenue Conversion Factor	<u>1.6031</u>
 <u>State Income Tax Calculation:</u>	
Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
Less: State §199 Deduction	<u>\$ 2.8117</u>
State Taxable Production Income	\$ 96.7156
State Income Tax Rate	<u>6.0000%</u>
State Income Tax Expense	<u>\$ 5.8029</u>

**Kentucky Power Company**  
**Production Gross Revenue Conversion Factor**  
**With Federal & State §199 Deduction and Kentucky Tax Rate Reductions and No OH or WV**

	6% §199 Deduction for Fed and State and 6.0% State Income Tax Rate
Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
State Income Tax Expense, Net of § 199 Deduction - (See Rates Below)	<u>\$ 5.6336</u>
Federal Taxable Production Income before §199 Deduction	\$ 93.8936
§199 Deduction Phase-In	<u>\$ 5.6336</u>
Federal Taxable Production Income	\$ 88.2600
Federal Income Tax Expense After §199 Deduction (35% Statutory Tax Rate)	<u>\$ 30.8910</u>
Total Federal & State Income Tax Expense after §199 Ded & State Rate Reduct	<u>\$ 36.5246</u>
Gross-Up Factor for Production Income	<u>63.4754%</u>
Gross Revenue Conversion Factor	<u>1.5754</u>
 <u>State Income Tax Calculation:</u>	
Pre-Tax Production Income	\$ 100.0000
Uncollectible Accounts Expense	<u>\$ 0.4727</u>
State Taxable Production Income before § 199 Deduction	\$ 99.5273
Less: State §199 Deduction	<u>\$ 5.6336</u>
State Taxable Production Income	\$ 93.8937
State Income Tax Rate	<u>6.0000%</u>
State Income Tax Expense	<u>\$ 5.6336</u>

**KPCO CAPITALIZATION AND COST OF CAPITAL  
TEST YEAR ENDING 6/30/2005**

**VIII. KPCO Capitalization and Cost of Capital; Gross Revenue Conversion Factor Adjusted to Reduce Capitalization, Remove OH & WV Taxes, Reflect Kentucky Tax Rate Reduction, and Include § 199 Deductions (3% Deduction)**

	KIUC Adjusted Reapportioned Capitalization	KIUC Adjusted Capital Ratio	Component Cost	Weighted Avg Cost	Grossed Up Cost	Kentucky Jurisdictional Factor	Revenue Requirement
Short Term Debt	960,922	0.11%	3.34%	0.0038%	0.0038%	99.00%	31,925
Long Term Debt	480,629,916	56.73%	5.70%	3.2338%	3.2491%	99.00%	27,250,774
Accts Receivable Financing	30,139,269	3.56%	2.99%	0.1064%	0.1069%	99.00%	896,390
Common Equity-Production	116,621,910	13.77%	11.50%	1.5831%	2.5379%	99.00%	21,285,512
Common Equity-Non Production	218,828,578	25.83%	11.50%	2.9705%	4.8848%	99.00%	40,968,858
<b>Total Capital</b>	<b>847,180,595</b>	<b>100.00%</b>		<b>7.90%</b>	<b>10.78%</b>		<b>90,433,459</b>

**VIII. KPCO Capitalization and Cost of Capital; Gross Revenue Conversion Factor Adjusted to Reduce Capitalization, Remove OH & WV Taxes, Reflect Kentucky Tax Rate Reduction, and Include § 199 Deductions (6% Deduction)**

	KIUC Adjusted Reapportioned Capitalization	KIUC Adjusted Capital Ratio	Component Cost	Weighted Avg Cost	Grossed Up Cost	Kentucky Jurisdictional Factor	Revenue Requirement	Incremental Revenue Requirement
Short Term Debt	960,922	0.11%	3.34%	0.0038%	0.0038%	99.00%	31,925	-
Long Term Debt	480,629,916	56.73%	5.70%	3.2338%	3.2491%	99.00%	27,250,774	-
Accts Receivable Financing	30,139,269	3.56%	2.99%	0.1064%	0.1069%	99.00%	896,390	-
Common Equity-Production	116,621,910	13.77%	11.50%	1.5831%	2.4940%	99.00%	20,917,410	(368,102)
Common Equity-Non Production	218,828,578	25.83%	11.50%	2.9705%	4.8848%	99.00%	40,968,858	-
<b>Total Capital</b>	<b>847,180,595</b>	<b>100.00%</b>		<b>7.90%</b>	<b>10.74%</b>		<b>90,065,357</b>	<b>(368,102)</b>

368103

**ATTACHMENT TO RESPONSE NO. 14(b)**

Kentucky Power Company  
Summary - KIUC Depreciation Expense Adjustments  
For the Test Year Ended 6/30/05

	<u>Total</u>
1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.	(272,735)
2 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.	(1,000,030)
3 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.	(1,352,141)
4 - Use full history for all Net Salvage percentages instead of just the 15 year period of 1990-2004.	(2,694,468)
5 - Delay retirement of Big Sandy Unit I five years from 2015 until 2020.	<u>(136,368)</u>
Total Adjustments	<u><u>(5,455,742)</u></u>

Kentucky Power Company  
 Depreciation Expense Adjustments  
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0351	16,116,178	(275,490)
Transmission	385,378,899	0.0271	10,443,768	0.0271	10,443,768	-
Distribution	445,002,421	0.0364	16,198,088	0.0364	16,198,088	-
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	<u>-</u>
	1,319,106,897		44,603,968		44,328,478	(275,490)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(272,735)</u>
			Total of Prior Depreciation Adjustments			<u>-</u>
			Total of Depreciation Adjustment 1			<u>(272,735)</u>

Adjustments Included:

1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.

Kentucky Power Company  
 Depreciation Expense Adjustments  
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of 6/30/2005	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0329	15,106,047	(1,285,621)
Transmission	385,378,899	0.0271	10,443,768	0.0271	10,443,768	-
Distribution	445,002,421	0.0364	16,198,088	0.0364	16,198,088	-
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	<u>-</u>
	1,319,106,897		44,603,968		43,318,347	(1,285,621)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u><u>(1,272,765)</u></u>
			Total of Prior Depreciation Adjustments			<u>(272,735)</u>
			Total of Depreciation Adjustment 2			<u><u>(1,000,030)</u></u>

Adjustments Included:

- 1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 2 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.

Kentucky Power Company  
 Depreciation Expense Adjustments  
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of <u>6/30/2005</u>	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0328	15,060,132	(1,331,536)
Transmission	385,378,899	0.0271	10,443,768	0.0261	10,058,389	(385,379)
Distribution	445,002,421	0.0364	16,198,088	0.0343	15,263,583	(934,505)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0531	<u>1,570,444</u>	<u>-</u>
	1,319,106,897		44,603,968		41,952,548	(2,651,420)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(2,624,906)</u>
			Total of Prior Depreciation Adjustments			<u>(1,272,765)</u>
			Total of Depreciation Adjustment 3			<u>(1,352,141)</u>

Adjustments Included:

- 1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 2 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 3 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.

Kentucky Power Company  
 Depreciation Expense Adjustments  
 For the Test Year Ended 6/30/05

	Electric Plant In Service as of <u>6/30/2005</u>	New Annual Rate Per KPCO Filing	Annualized Depreciation Per KPCO Filing	New Annual Rate With Adjustments Listed	KIUC Adjusted Annualized Depreciation	KIUC Depreciation Adjustment
Production Steam	459,150,369	0.0357	16,391,668	0.0324	14,876,472	(1,515,196)
Transmission	385,378,899	0.0271	10,443,768	0.0213	8,208,571	(2,235,198)
Distribution	445,002,421	0.0364	16,198,088	0.0328	14,596,079	(1,602,009)
General Plant	<u>29,575,208</u>	0.0531	<u>1,570,444</u>	0.0524	<u>1,549,741</u>	<u>(20,703)</u>
	1,319,106,897		44,603,968		39,230,863	(5,373,105)
			Allocation Factor - GP-TOT			<u>0.990</u>
			Total Depreciation Expense Reduction			<u>(5,319,374)</u>
			Total of Prior Depreciation Adjustments			<u>(2,624,906)</u>
			Total of Depreciation Adjustment 4			<u>(2,694,468)</u>

Adjustments Included:

- 1 - Correct Account #312 Interim Retirements by removing additional retirements in 2007 and 2009.
- 2 - Use full history of additions and retirements to determine interim retirement rate for Big Sandy Assets instead of last 30 years.
- 3 - Use of Net Salvage percentages on overall functional account basis instead of judgement percentages based on retirements.
- 4 - Use full history for all Net Salvage percentages instead of just the 15 year period of 1990-2004.